

**MINUTES OF REGULAR MEETING OF
THE REDEVELOPMENT COMMISSION OF GREENSBORO
TUESDAY, APRIL 18, 2006**

REGULAR MEETING

The Redevelopment Commission of Greensboro met in regular meeting in the Planning Conference Room, 3rd floor, Melvin Municipal Building, on Tuesday, April 18, 2006 at 5:14 p.m. Commissioners present were: Chair Joe Wood, Bill Benjamin and Jerry Leimenstoll. Dan Curry, Barbara Harris, Dyan Arkin and Guy Land represented the Housing and Community Development Department (HCD). Jim Blackwood, Esq., was present as legal counsel for the Commission.

Chair Wood announced that Scott Lilly has resigned from the Commission, effective last month. He hopes that Council will replace him very soon.

1. APPROVAL OF THE MINUTES OF MARCH 21, 2006 REGULAR MEETING.

Mr. Leimenstoll moved approval of the minutes of March 21, 2006 minutes, as written, seconded by Mr. Benjamin. The Commission voted 3-0 in favor of the motion. (Ayes: Wood, Benjamin, Leimenstoll. Nays: None.)

5. LOCAL ORDINANCE ENFORCEMENT UPDATE:

Dan Reynolds, Code Enforcement Manager, introduced Horace Sturdivant, Inspector assigned to the Ole Asheboro area, and he will give the Commission a brief update on their activity for the past month. He said they had seen an increase in the number of property owners stepping up to get funded and actually hire contractors to begin work on the properties adjacent to your Redevelopment area.

Horace Sturdivant, Inspector, said they have some 41 properties under inspection in that general area, starting with the 600-700 blocks of Martin Luther King, Jr., Drive and several other streets that he named. As of today, properties are being repaired and roofing and siding are being installed. Some had met their standards and things are going well. The property owners are responding in a positive way. He named several properties under repair or brought up to standards, some properties on which an environmental notice might be issued.

Chair Wood thanked the Inspectors for their good report and the work being done.

2. OLE ASHEBORO NEIGHBORHOOD: UPDATE ON 326 AND 328 LEE STREET:

Mr. Curry asked the Commission for 30 more days. The owner was out of the country for a period of time following your last meeting and they had a little difficulty exchanging information with Mr. Dunham, his contractor, who just last Thursday picked up staff's comments on his rehabilitation plan.

3. SOUTH ELM STREET NEIGHBORHOOD:

a. Authorization to Make Offers for Voluntary Acquisition:

i. 734, 736, and 738 South Elm Street and 116 West Bragg Street (Gateco Property):

Ms. Harris said pursuant to the South Elm Street Optional Acquisition and Relocation Policy, which was approved by the Commission on November 16, 2004 and by the Greensboro City Council on December 7, 2004, the appraisal and review appraisal for the Gateco property (734, 736 and 738 South Elm Street and 116 West Bragg Street) were in the Commissioners' packets. The site is 1.022 acres (approximately

45,511 sq. ft.). The property is located on the northwestern intersection of South Elm and West Bragg Streets. The site has 151 feet of frontage along South Elm and 245 feet of frontage along West Bragg. The site is zoned LI (Light Industrial) and in the appraiser's opinion, the structures on the site have no value. The appraiser estimates the "as is" value of the property at \$89,000. This reflects the land value considering contamination. The reviewer recommends acceptance of the appraisal. The Commission is asked to set an offer amount for this property. Mr. Tom Berry of Berico/Gateco is present.

Counsel Blackwood said that in regard to contract language for Commission offers, he and Mr. House had come up with appropriate language and changes have been made for properties on which the Commission had authorized offers.

Mr. Benjamin said there was mention of the environmental in the report. What is the suggestion that had been put in any other offers? What limitations are there, if any?

Counsel Blackwood said the contracts are generally based on the fact that there is contamination as shown by stated reports and you are making the offer based on the fact that the seller is representing that he was not the responsible party and as stated in report, has no actual knowledge of any other contamination. We still have put in the offers a right to inspect and are putting in the offers what is disclosed in the reports; we would be responsible for the cost of that cleanup, what was disclosed that had to be cleaned up. What is in the reports, we are accepting that part of the cleanup. The short answer is that what is in the reports is what we are going to take on the responsibility for.

Mr. Benjamin said anything beyond that, unless they were involved in it or knew about it, and then we are also exposed to that.

In response to a question, Mr. Curry said approximately \$1 million is allocated for cleanup.

Chair Wood asked if the State Insurance Program is still in place to help us should we have costs above and beyond?

Mr. Curry said his understanding is the State has a program through the Underground Storage Tank Program that potentially can be used, if it is an underground storage tank issue. That can be part of our negotiations with the State when we get to the point of negotiating a Brownfields Agreement with them. The key thing is in our talking about what language we are going to use in these agreements is irregardless of what language we put our agreement, property owners are not fully absolved of responsibility; that the Federal Government still maintains the ability to go back on any former property owner who is responsible for the contamination. So there is some additional coverage there beyond what the language in our agreements would be covering.

Mr. Benjamin moved that the Commission offer the appraised value of \$89,000 for the property at 734, 736 and 738 South Elm Street and 116 West Bragg Street (Gateco Property), subject to the environmental language that has been recently used in other contracts. Mr. Leimenstoll seconded the motion.

Tom Berry said he is co-owner of the property with his partner, Don Fuquay. They own Berico Fuels and Gateco Oil Company. The offer for the property during the attempted baseball acquisition was five times what the Commission's appraised value is. So he could tell the Commission that they would not accept this offer, but he said they certainly were not going to try to hold anybody hostage either. They want something that is a fair number. He felt the offer was extremely unfair. He would like to ask on a per square foot basis the way this comes out, how this appraisal compares with the other appraisals that have been done in this area.

Ms. Harris said today's agenda included an item on the comparison of the S. Elm properties that have

already been appraised.

Chair Wood informed Mr. Berry that the way the rules work in this instance is that he did not have to accept their offer and Mr. Berry could have the property appraised by an appraiser of his choice and bring it back here and make a counteroffer to the Redevelopment Commission.

Mr. Berry said there were a lot of facts and figures and there are a lot of studies that need to be done on their part. They had basically left this in the Commission's hands to come up with an offer. They were a little insulted by the offer, but he was sure there was some logic there. They will just have to study what their thought process was and, as you mentioned, they will come back when they do understand.

Mr. Curry said what would cause the large disparity between the two offers is whether it is a private market-free market transaction versus something motivated by other community interests. Obviously, the ballpark was another community interest and so they were trying to make the project happen. So it was really based on the economics of using the property for its use and was based on some other potential.

Chair Wood called the question. The Commission voted 3-0 in favor of the motion. (Ayes: Wood, Benjamin, Leimenstoll. Nays: None.)

ii. 125 West Lee Street (Dwiggins Property):

Ms. Harris said pursuant to the South Elm Street Optional Acquisition and Relocation Policy, the appraisal and review appraisal for the Dwiggins property (125 West Lee Street) were in the Commissioners' packets. The site is 0.18 acres (approximately 7,841 sq. ft.) in size and includes one (1) 2,440 sq. ft. pre-engineered metal industrial building. The Dwiggins property is located on the southwestern block of South Elm Street next to the railroad tracks. The land has 81.72 feet of frontage along West Lee Street next to the railroad tracks. The property is currently owner occupied and does business as Automotive Connections. The appraiser estimates the "as is" value of the property at \$122,000. The reviewer recommends acceptance of the appraisal. The Commission is asked to set an offer amount for this property.

Mr. Benjamin moved that the Commission offer the appraised value of \$122,000 for 125 West Lee Street, subject to the environmental language. Mr. Leimenstoll seconded the motion.

Chair Wood said for parcels that are owner-occupied or rented by a tenant, there is a different package as far as monies being available to help with relocation.

Guy Land, relocation specialist, said there was an actual relocation for the owner, if owner-occupied, or tenant, if the property is rented. So he would be working with them to actually relocate them and the relocation benefits are available.

Ms. Harris said there were Federal Guidelines that dictate the amount of relocation benefits that they will receive. In a voluntary sale, they would qualify for those benefits once we close on the property. If we had a Redevelopment Plan in place they become eligible for relocation benefits once the Letter of Intent goes out. Once an owner indicates that they want to accept the Commission's offer, they will be invited to sit down with Mr. Land and go through what they qualify for under business relocation.

In response to a question from Mr. Benjamin, Mr. Land said there was a cap on relocation funds for one property of \$20,000. He would also assist them in trying to find a suitable property that suits their needs.

Chris Dwiggins, 125 West Lee Street, said in Greensboro for property zoned HI, you have to go pretty much to the airport unless you get something that is already used for that in our price range. Plus a major portion of his clientele is downtown. Therefore, he needs to stay in the area because his niche is

convenience.

Ondrea Dwiggins, 125 West Lee Street, said it was hard to find anything in this area.

Mr. Benjamin advised them to check and see if their zoning has to be HI.

Mr. Dwiggins said there is a huge gap between what they were offered when it was being considered for the baseball stadium and they did not have \$5 million in cleanup funds; they were going to do it themselves. They did an EPA report and evidently it was pretty close to their figure of about \$1 million to clean up.

Chair Wood said they did not have to accept the Commission's offer. It is all in the voluntary stage. He said they were most welcome to go and get an appraisal by an appraiser of your choice, bring it back to us, get back on the agenda and the Commission will take a look at it.

In response to a question from Mr. Berry, Ms. Harris said she would be glad to furnish him with information about the four previous Commission offers and the minutes of the meeting where those offers were authorized.

There was a general discussion between Commissioners, staff and the Dwiggins.

Chair Wood called the question. The Commission voted 3-0 in favor of the motion. (Ayes: Wood, Benjamin, Leimenstoll. Nays: None.)

APPROVED ABSENCES:

Ms. Coad could not be here since she was out of town due to a death in the family.

Chair Wood moved that Ms. Coad be granted an approved excuse for her absence. The Commission voted 3-0 in favor of the motion. (Ayes: Wood, Benjamin, Leimenstoll. Nays: None.)

3b. PROPERTY COMPARISON CHART:

Ms. Harris said this chart would give the Commissioners information on the current uses, zoning, size of the lots and sizes of buildings, appraised value and Commission offer amounts. She did not do a cost per square foot for the lots or the buildings because the properties are so dissimilar. For instance, the Gateco property that you discussed tonight, the property has three unoccupied buildings on it and according to the appraiser's opinion, those buildings have no value. The Dwiggins property, on the other hand, is a functioning business and has frontage on Lee Street.

Mr. Benjamin said also the unoccupied buildings that have no value will have to be demolished, but the Commission will have to take care of the demolition cost.

In response to a question Ms. Harris said she kept a spreadsheet for herself that includes the option amounts that they received from the baseball stadium.

Chair Wood asked that she provide the Commissioners with that information and thanked her for her foresight.

c. POLICY ON PRIVATE OWNER DEVELOPERS:

Chair Wood said staff has come up with a draft Policy on Private Owner Developers for the Commission's review.

Mr. Curry said staff was not asking the Commission to adopt this draft Policy tonight, but wanted to give the Commissioners an opportunity to talk about it. The basic intent here is to set up a known process if a property owner desires to develop the property themselves in lieu of the Commission purchasing their property. Staff tried to lay out some consistent steps that staff and the property owners would need to go through if somebody wants to propose that. The underlying substance here is that the property owner would need to agree to redevelop that property following the guidelines in the program that has been adopted by the City for the overall project.

Chair Wood said he would use the old North State Mill as an example. If on the Redevelopment Plan, that property is scheduled to be something like a grocery store, could the owner of the North State Mill, if they wanted to redevelop it themselves, say, "Well, I've got a plan for retail development, but I don't want to put a grocery store on there. I don't want to develop it as a Harris Teeter or something." As long as they followed the architectural guidelines and put a business that was in compliance with what is allowed in that particular zone, could they put anything in or would it have to be a specific business? How specific are we talking about our Redevelopment Plan being?

Mr. Curry said this plan is, in fact, predicated upon the ability to attract a grocery store being kind of a linchpin for all the rest of the retail development. In other words, that is the anchor we are shooting for. So if the plan has identified a particular location for that use, being the primary retail generator for the entire project, then we may not want to allow a developer to come in and do some other type of retail development on that site, if that would, in effect, make other portions of the plan less sound. So that is the analysis we would have to go through and looking at the impact of that particular proposal on the rest of the project. If it allows the rest of the development project to occur and still be a sound development program, then he felt the Commission's conclusion would be, "Yes, this is fine, as long as you can provide us with that assurance that you are going to do what you say and it meets all of our other requirements, then, yes, we will accept that as part of the development agreement." In that particular example, our plan is going to say the grocery store is really the driving force that will make a lot of the rest of the smaller scale retail development feasible and viable and taking that piece out of the project probably would not be acceptable.

Chair Wood said they have not had the first neighborhood charrette, they have not hired anybody and have not even called Urban Design Associates or somebody like that in here to even start developing anything yet. However, since basically strategic planning is the planners having an idea and then getting the neighborhood to buy into it, are there any preconceived ideas about what this grocery should be? Is it a 40,000 square foot Harris Teeter or can it be more like a Bestway on Walker Avenue that fits into the little neighborhood business concept, which is like a 6,000-8,000 square foot grocery or can it be like some of the little grocery stores in some of the neighborhoods in downtown proper, which are like little neighborhood markets, which might be 4,000-5,000 square feet but yet carry fresh vegetables, fresh meats, but also neighborhood products that might be available? What is the concept?

Mr. Curry said the concept is an urban scale, full service grocery store, not a 5,000 square foot specialty store. It is a larger format, full service grocery store, but an urban model. Most of the retailers now have an urban model and a suburban model and this would be their urban version of their full-scale grocery store. We do have an overall master plan at this point. It has gone through pretty extensive public process. They are now working on feasibility analysis of that plan and later in the meeting staff will be talking about the public hearings for that plan. The plan envisions about a 40,000-45,000 square foot grocery store in this project. We are right now testing the feasibility of that concept.

Chair Wood asked what Mr. Curry means by, "You are testing the feasibility?"

Mr. Curry said they have a company that is actually running development performance on that particular project to determine whether financially it is a viable recommendation.

Chair Wood asked what is the public input that Mr. Curry had alluded to at this point?

Mr. Curry said the public had been very supportive. They have been through a public process. They have had four public workshops and the last one was in February, at which the overall concept plan was presented. So they are now in the process that they have an overall vision of how they want these 11 acres developed in terms of uses and some of the look and feel of this community. They are now going to do the detail work of looking at the economics of the project, what the infrastructure needs are because they will be bringing forth a project that is feasible, not one that is just kind of pie in the sky.

Chair Wood said as to the infrastructure needs, with this being a tight little area, 11 acres, are we going to put the same requirements on the grocery store downtown that we put on somebody like WalWart on Wendover that you have got to have so many thousand square feet, you have got to have 3.1 times the number of parking spaces per square foot and it has got to be able to accommodate a crowd on the day after Thanksgiving? Are you going to be more lenient because you're in a tight, urban compact area?

Mr. Curry said this would be a completely different type project from the suburban model. Most of the development on this site will share parking spaces in a shared parking arrangement with commercial and residential uses. Most of the parking will be in decks because it is obviously a small site and you could not accommodate on that 11 acres even a third of the parking requirements if you had to do surface parking lots. So that will all be built into the negotiations with developers who will be purchasing the property through a development agreement, with all those requirements understood by the City and the Commission and the property owners. In terms of the grocery store, it will be built with a combination of surface and deck parking.

Mr. Curry said the project did not support private developers building those decks as part of the development cost of the project so they are now looking at financing options that would allow the public sector to participate in the development of certain infrastructure, like parking decks, and those funds basically being paid by future tax revenues coming off of the property.

Mr. Curry said this is very similar information that they would require a developer to submit if we were putting out a request for proposals, which they will do for this project. They would need to submit similar information in terms of what is their mix of uses, their square footages, their price ranges for the product that they are building, plans so we can see what the buildings look like, how it is going to be financed. It does require that if an owner wants to be their own redeveloper, they have to submit a full development program for review.

Counsel Blackwood said Mr. Curry and he had had discussions about this already. He had brought some concerns about this. He said he thought the basic idea is a unified and compatible type concept for the area and, therefore, in the structure of any type of development agreement with any developers, be that the current owner or someone buying into the project, the development agreement is going to have to be very tightly worded and put together so that you have the compatibility with the overall architectural idea of what you are trying to create in that whole project. You also have to have the wherewithal to be able to, in effect, make certain that you have got control or are completely in there in terms of the use, the structure, the layout, the ability to do it, and also then taking into account in the event that they are unable to carry out their proposal, handling the possibility that it is in the original agreement that they said they were going to do this in good faith and we had expected it. There are all sorts of legal consequences that deal with the situation.

Chair Wood asked Counsel Blackwood if the Commission could, by law, say that no owner would be

allowed to develop his property or to make that as a policy?

Counsel Blackwood said the basic Redevelopment Plan has to set forth proposed, considered acquisitions, uses, and means of accomplishing the same. It does not have to address who is going to develop that. The idea of owner development is not a requirement of the Statutes and is certainly not prohibited either.

Mr. Curry we know we have at least one property owner who wants to develop property. We have had extensive conversations already about that. You do not have to adopt this policy as a separate policy and you may choose not to. A lot of what is here will be in the Redevelopment Plan, which will have to have a detailed development strategy. Everything will be explicitly laid out in this plan so there will be no questions of the intent for this land. You are going to end up making this decision for at least one or two pieces of property here.

Mr. Leimenstoll said he appreciated the fact that staff had taken these steps and tried to deal with a situation before it happens. The thing in our favor is that this 11-acre design is not designed around those parcels; it is designed around something else. What you are proposing is that if a person who owns a parcel, they can fit their parcel into the scheme or join with somebody else to put parcels together to fit into the scheme, they become developers.

Mr. Benjamin said obviously with a project of this small size, you cannot let the tail wag the dog. The overall critical mass has to be looked at. We are adopting a plan. If you have something that will fit with that plan, he thought they were fine in having something laid out to at least have a starting point so if someone really has some thoughts on doing something, you give them the plan that we adopt and you give them this and say, fit it together, come back and we will take a look at it and see if it can work.

Mr. Leimenstoll said his perception is that this ultimately will come back right here. Can you and I sit down at the table and deal with this when it comes up? He said he thought they could from his understanding. If we can do that, then he was okay with it and appreciated that staff had taken these steps.

d. REQUEST TO SCHEDULE PUBLIC HEARING ON SOUTH ELM REDEVELOPMENT PLAN:

Ms. Harris said in March, the Commission authorized a public hearing in to be held May. Staff is asking that that hearing be moved to your regular June meeting.

Mr. Leimenstoll moved that the public hearing for the South Elm Street Redevelopment Plan be moved from our regular May meeting to our regular June meeting. Mr. Benjamin seconded the motion.

Mr. Curry said in the past, there had been an effort to have a hearing such as this close to or in the vicinity of the project.

Mr. Benjamin said he would like to see the Commission get out there just because of the locking of the building here and the hope that it might bring more people out there just to look at what is going on.

Chair Wood said he knew there would be the traditional method of announcing the public hearing through the publication of the newspaper and all that. He made a special request that the newspaper is contacted and see if someone will do a small story on this. It should also say that the Redevelopment Commission is going to have this public hearing and the Commission wants all parties to come and make public comment.

Mr. Curry said staff would do that. There will also be notices that go out to all the property owners within and probably a good many adjacent to and anybody who came to the prior meetings will receive a notice.

Mr. Benjamin called the question. The Commission voted 3-0 in favor of the motion. (Ayes: Wood, Benjamin, Leimenstoll. Nays: None.)

6. EASTSIDE PARK NEIGHBORHOOD: HABITAT/BINGHAM UPDATE:

Ms. Arkin said on Item 6, the Eastside Park Neighborhood, she wanted to bring the Commission a very brief update on the Habitat project on the corner of Bingham and Spencer Streets. Several months ago, that project was brought to you and you authorized Habitat's purchase of the 400 Bingham property and staff was looking to sell them properties adjacent to that for a condominium project or a townhome project, owner-occupied for 20 units. In December of last year, Habitat had some internal challenges that they needed to address. We put things on the back burner in terms of selling them the property, which had been authorized. Habitat has addressed many of the issues that they needed to address and they have come back and opened conversations again. They have applied for a grant from FHA through the Federal Home Loan Bank and were kind of waiting to hear about in terms of putting together a revised budget for the project. Staff had also come up with some site issues. There were some water issues and storm water issues and there was actually a fiber optic cable that did not get remembered. It was not unknown, but it did not get remembered until late in the process. So staff has been looking at those issues too. She said they are moving towards getting everything back on the table with Habitat. Within the next 60 days, they should be back on track with that and staff will come and bring a revised schedule. The Commission may have to re-look at the plans because of the fiber optic cable problem.

7. WILLOW OAKS NEIGHBORHOOD: UPDATE ON NEIGHBORHOOD DEMOGRAPHICS.

Ms. Arkin said the Commission has asked for some neighborhood demographics and she took some information that had been provided at the end of February by the redeveloper and by the Greensboro Housing Authority. This information shows where we are with the home ownership process, who is actually purchasing those units in terms of demographics, which is shown at the bottom of the page. We actually have 25 homes that have closed at this point and another four or five that are in some form of contractual arrangement past the point of just being an early commitment prior to building. They are working towards closing it at some level. So this information will grow within the next few weeks, she hoped, but she would bring that back to the Commission.

McCONNELL ROAD:

Mr. Curry pointed out on the map the blue area on the west side of US 29. He said none of those blue properties on McConnell have recently been sold. These are properties the Commission had planned to acquire. It is staff's understanding that a purchaser wants to demolish those houses along those blocks and build student housing. He said this just came up in the last 24 hours. He said the Commission had no restrictions on the property because the Commission had not purchased it.

Counsel Blackwood said unless property in the Redevelopment Area is under agreement with the owner where you impose restrictions we require so that we then would acquire it, we can only impose our conditions and restrictions by actually acquisition.

Chair Wood said even though a private individual has acquired those properties, the Commission could still acquire them. So we could invite him in to share with us his plans, is that not correct?

Mr. Curry said the Commission could issue that invitation. The other thing that brings the Commission into the mix is you do have an adopted Redevelopment Plan here and if his project requires any rezonings, then those rezonings would come before the Commission for your recommendation.

Chair Wood said legally, if this plan meets with the Commission's approval, could we sell him those three

properties (in green) so that he could make his plan a little bigger and a little grander?

Mr. Curry said what it does is offer us an opportunity to review the current Redevelopment Plan and what we had envisioned for the property, talking with him and any other potential developers that are out there, and then bring back to you any recommendations on how you might want to modify your plan.

Chair Wood asked if the Commission wanted to do this before it gets out of hand or just let this rock on for a while.

Robert Caple asked Mr. Curry if this was the same developer who had developed those other apartments in that particular area?

Mr. Curry said he did not believe it is.

Mr. Benjamin said he thought it was great that somewhere along the way somebody is doing something out there. He thought there was a good chance that whatever this person is doing is going to be compatible with us and if we are an adjacent developer, which is what we are of sorts or we have a developer out there, somebody just needs to go and have a conversation. He would say if we have three parcels that it would make sense for them to increase their critical mass, there may be some happy ending that could happen one way or the other.

Chair Wood said he agreed with that. He asked Mr. Curry to extend an invitation for him to come visit with us next month and inform us of his plans.

Mr. Leimenstoll said the Commission had a very strong interest in that area so the Commission should have a conversation at the earliest moment.

4. ARLINGTON PARK NEIGHBORHOOD: VOLUNTARY ACQUISITION OF 1600 MARTIN LUTHER KING, JR. DRIVE:

Mr. Land said at the February 21, 2006 meeting the Commission authorized an offer in the amount of \$60,000 appraised value for the voluntary acquisition of this property. Subsequent to the Commission's offer, the owner had the property appraised and the owner's appraisal valued the property at \$72,000. A reconciliation appraisal has been completed and recommends a reconciled value of \$66,000. The Commission is asked to consider the recommendation from the reconciliation.

Ms. Harris said the owner has indicated she is willing to accept the reconciliation amount.

Mr. Benjamin moved that the Commission offer the reconciled amount of \$66,000 for 1600 Martin Luther King, Jr. Drive, seconded by Mr. Leimenstoll. The Commission voted 3-0 in favor of the motion. (Ayes: Wood, Benjamin, Leimenstoll. Nays: None.)

8. ADDITIONAL BUSINESS:

Ms. Harris said there was no additional business.

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There being no further business before the Commission, the meeting was adjourned at 7:00 p.m.

Respectfully submitted,

Dan Curry, Assistant Secretary
Greensboro Redevelopment Commission

DC/jd.ps.